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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
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RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1263
RUEHRH/AMEMBASSY RIYADH PRIORITY 0159
RUEHUL/AMEMBASSY SEOUL PRIORITY 0920
RUEHTV/AMEMBASSY TEL AVIV PRIORITY 0262
RUEHKO/AMEMBASSY TOKYO PRIORITY 1961
RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY
RHMFISS/CDR USTRANSCOM SCOTT AFB IL PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC PRIORITY
RHMFISS/DEPT OF ENERGY WASHINGTON DC PRIORITY
RUEAWJA/DEPT OF JUSTICE WASHDC PRIORITY
RHEFAAA/DIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY 1450
RUEKJCS/SECDEF WASHDC PRIORITY 1344
RUEHNO/USMISSION USNATO PRIORITY 2769
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SUBJECT: KAZAKHSTAN: ISRAELI AMBASSADOR EXPLAINS MILITARY
SALES SCANDAL, PRAISES SENATOR MITCHELL

REF: ASTANA 1179

Classified By: Ambassador Richard E. Hoagland: 1.4 (B), (D)

11. (C) SUMMARY: Israeli Ambassador to Kazakhstan Israel
Mei-Ami told the Ambassador on September 2:

-- Kazakhstan is a major oil supplier for Israel;
-- this year's military procurement scandal has left
lingering headaches for him;
-- despite the scandal, Israel-Kazakhstan relations are the
best they've ever been;
-- Israel has not automatically ruled out the suggestion that
President Peres and Saudi King Abdullah meet in Astana; and
-- he believes that "Senator Mitchell and U.S. leadership can
influence Israeli society for the better." END SUMMARY.

KAZAKHSTAN A MAJOR OIL SUPPLIER FOR ISRAEL

12. (C) During a one-on-one lunch on September 2, Israeli
Ambassador Israel Mei-Ami told the Ambassador the
Israel-Kazakhstan relationship is of special importance to
Tel Aviv because Israel annually imports \$2.5 billion worth
of oil from Kazakhstan via the Baku-Tbilisi-Ceyhan pipeline.
He said that because Kazakhstan and Azerbaijan are the
biggest suppliers of oil to Israel, Caspian security is of
keen interest. He noted that in 1998, Israel conducted for
Kazakhstan's Ministry of Defense a strategic assessment of
how to protect Kazakhstan's Caspian coast. He commented, "It
probably went straight to the archive and hasn't been seen
since."

THE MILITARY SALES SCANDAL

13. (C) According to Mei-Ami, President Shimon Peres' visit to Astana at the beginning of July was specifically to repair the damage done to the bilateral relationship by the scandal that developed after the Kazakhstani Ministry of Defense procured Israeli weapons that the media reported were substandard. (NOTE: The scandal led to the sacking of Minister of Defense Danial Akhmetov and the arrest of a deputy minister. END NOTE.) Mei-Ami clarified that the arms deal had been purely commercial and that the Government of Israel had not been involved. He said that, in fact, the weapons had not been substandard -- the problem was that they were "technologically incompatible" with the old Soviet-era platforms (trucks and BTRs) on which they were to have been mounted.

14. (C) When asked if corruption had played a role in the scandal, Mei-Ami responded, "In any deal, there are usually agents who must 'overcome difficulties.' We didn't invent it. Everyone does it. But I'm not officially confirming there was corruption." He added that the lingering effect of the scandal is still his biggest headache. The "go between" for the deal, retired Kazakhstani Colonel Boris Shaykman, now an Israeli citizen, was arrested in Kazakhstan during the investigation and is currently imprisoned awaiting trial. The initial charge against him was "irregularities" in his \$400/month Kazakhstani military pension, but now bribery charges have been added. Mei-Ami said he expects a guilty verdict and prison sentence. "Then Peres will ask Nazarbayev to forgive Shaykman, and we'll get the poor guy sent home."

BEST-EVER RELATIONS

15. (C) Despite the military procurement scandal, Mei-Ami said Israel-Kazakhstan relations are "the best ever," because Peres and Nazarbayev developed an unusually warm relationship during Peres' early-July visit to Astana. As a result, Kazakhstan has invited Israel's Foreign Minister, Defense Minister, and "a host of other ministers" to visit Kazakhstan in the near future. Further, while he was in Astana, Peres sealed an agreement for Israel and Kazakhstan to fund jointly (\$20 million each) agricultural research and applied-science research. As the first result, on July 24, the two sides signed an agreement for their research institutes to develop a new strain of high-yield wheat for Kazakhstan.

AN ISRAEL-SAUDI ARABIA MEETING IN ASTANA?

16. (C) Mei-Ami noted that during his visit to Astana, Peres gave the keynote address at the International Congress of Traditional and World religions on July 1. In the speech, Peres had announced that he is willing to meet King Abdullah of Saudi Arabia at any time and in any place. As a courtesy to Nazarbayev who was sitting next to him, Peres added that maybe such a meeting could take place in Astana. According to Mei-Ami, Israel and Kazakhstan are "quietly considering" this option because an Astana meeting would be in a non-Arab but Muslim-majority capital, and because Nazarbayev could use his good relationship with the Moscow leadership to get Russia to be more helpful on the Israeli-Palestinian issue.

PRAISE FOR SENATOR MITCHELL

17. (C) Commenting on the Israeli-Palestinian issue, Mei-Ami praised Senator George Mitchell and his team as "highly honorable and fair people." He acknowledged negative public opinion in Israel about the Obama Administration, but said he believes that "U.S. leadership can influence Israeli society for the better."
HOAGLAND